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MATTERS RELATING TO THE PROGRAMMING CYCLE

Haiti's development needs and activities

Note by the Administrator

I. PURPOSE

1. The present document responds to Executive Board decision 94/31, in which the Board requested the Administrator to prepare an assessment of Haiti's development needs and activities in order to review the level of available fifth cycle resources for the years 1995-1996.

II. BACKGROUND

2. After the overall downward revision of the indicative planning figures (IPFs) decided upon earlier in the fifth programming cycle, the IPF for Haiti was $26,375,000. In addition, a carry-over of $6,310,000 from the fourth cycle was available. The political crisis that originated in 1991 limited the utilization of those funds to a total of actual expenditure of $3,028,000 for 1992 and $4,154,000 for 1993 and estimated expenditure of $4 million for 1994.

3. In 1993, at the request of the Constitutional Government, UNDP coordinated a joint mission of several donors. An Emergency Economic Recovery Programme (EERP) was prepared to address the priority needs of the country during the subsequent 12 months. The total amount of external resources required for this period was then estimated at $450 million, to finance external debt arrears, budget support, humanitarian assistance, economic and social rehabilitation programmes, and technical cooperation.

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III. TECHNICAL COOPERATION NEEDS FOR 1995-1996

4. The restoration of the Constitutional Government has created a promising domestic and international atmosphere for a strengthened technical cooperation programme. The urgency of such a programme derives from an economic and social situation that has sharply worsened, marked by economic stagnation and massive unemployment.

5. According to World Bank estimates, gross national product (GNP) fell by over 15 per cent during 1992-1993 and GNP per capita is estimated at well below $250, making Haiti by far the poorest country in the western hemisphere. Industrial job losses as of December 1993 were estimated at 70 per cent in the export-oriented sector and 40 per cent in industries for domestic markets. The fiscal deficit - which was 0.05 per cent of gross domestic product (GDP) in 1991 - was estimated at 5.4 per cent of GDP in 1993. In the same year, an estimated 50 per cent of the population had a calorie intake below 75 per cent of requirements and over 20 per cent of children suffered from some form of malnutrition. Low birth-weight births increased from 5 per cent in 1992 to 11 per cent in 1993 and the infant mortality rate is estimated to have exceeded 100 per 1,000 live births.

6. Under these circumstances, the country's needs for financial assistance and technical cooperation have increased substantially, mainly in connection with the deterioration of the fiscal situation and virtually all government functions, and with a significantly increased necessity for humanitarian aid. On the basis of a current updating of EERP, it is projected that total external assistance needs during 1995 and 1996 will not be less than $600 million per year, which will include increases for humanitarian aid, budget support and technical cooperation for development.

7. On the basis of EERP and information available on developments over the last 12 months, it is now estimated that the requirements from the donor community solely for high priority technical cooperation for the 1995-1996 period will amount to no less than $90 million.

8. Given the time that is required for Haiti to regain its credit standing for conventional loans, most of the required technical cooperation must be financed in the short term by grants. The updated 1995-1996 EERP technical cooperation programme will provide the framework for UNDP activities during this period. The projected sectoral composition and estimated costs of this programme, described in the annex to the present document, can be summarized as follows: national consensus ($14 million); reorganization of the public sector ($6 million); macroeconomic management ($9.5 million); privatization of public enterprises ($4 million); financial markets ($2 million); export promotion ($2 million); agriculture ($8 million); health ($8 million); education ($4 million); water supply and sanitation ($6.5 million); roads and ports ($8 million); electricity ($5 million); environment ($3.5 million); and the Central Implementation Unit ($12 million).

IV. ROLE OF UNDP

9. In considering a revision of the fifth cycle IPF for Haiti the Executive Board may wish to bear in mind the following institutional criteria.

A. The role of the United Nations within the donor community

10. Aware of the dramatic deterioration of the socio-economic conditions in Haiti during the last years, the international community is willing to assist the Constitutional Government in its reconstruction and reconciliation efforts. The current and expected presence of bilateral agencies as well as the international financial institutions provides an occasion to optimize international cooperation through the comparative advantages of the United Nations development system. In fact, the Resident Coordinator office, because of the continuous presence of the United Nations in Haiti, has become an important source of technical information and logistical support for bilateral and multilateral cooperation agencies.

11. The dialogue between the Constitutional Government and the major cooperation institutions has confirmed the need for clear coordination mechanisms in order to make the best use of international resources. In the context of this dialogue, UNDP has been requested to assist the Government in the coordination of the technical cooperation efforts of the international community. Such a task would imply a strengthened UNDP financial and logistic capacity to undertake or complement actions that reflect the Government's priorities.

B. The role of UNDP within the United Nations development system

12. Owing to the nature and urgency of actions to be taken, Haiti represents a special case for UNDP in the discharge of its assigned functions regarding the funding and coordination of United Nations operational activities for development.

13. Haiti's situation requires a wide range of multisectoral actions covering the continuum from emergency assistance to sustainable development. At the same time, those actions are to be implemented in accordance with recent operational guidelines of the General Assembly - notably the promotion of national execution, the programme approach, the strengthened role of the Resident Coordinator and support cost arrangements.

14. In this context, the technical support from the United Nations specialized agencies in the implementation of sector-specific programmes/projects will require adequate funding availability from the IPF for Haiti.

C. The role of UNDP in programme delivery

15. The Government has asked UNDP to deliver specific activities in a variety of sectors as contained in EERP. A number of them represent a continuation of UNDP activities in the past.

16. The precise composition of the UNDP programme for 1995-1996 will be fully defined in the light of current consultations with the Government and other donors. It is anticipated that the proposed assistance would be closely related to the reform of the public sector, employment generation, poverty alleviation and environment.

17. If financial availability is adequate, UNDP would be ready to strengthen the substantive and logistic capacity of its local office for programme delivery. At the same time, it is expected that the joint effort of the bilateral and multilateral agencies and a more stable political environment will increase the absorption capacity of the country.

V. EXECUTIVE BOARD ACTION

18. Given the technical cooperation needs and the institutional considerations described above, UNDP can play a strategic role in Haiti as a major contributor and as a catalytic agent for mobilizing other donors. For UNDP to perform these key functions effectively, the undisbursed amount of the current IPF for the fifth cycle is insufficient. The Executive Board may therefore wish to: consider on an exceptional and one-time basis the restoration of the fifth cycle indicative planning figure for Haiti, either to the original level established under decision 90/34, resulting in an increase of $11,303,000, or on a pro-rated level for the remaining two years of the fifth cycle (1995 and 1996), resulting in an increase of $4,521,000.

Annex

ESTIMATED TECHNICAL COOPERATION NEEDS

HAITI 1995-1996, BY SECTORAL SCOPE AND ESTIMATED COSTS

A. National Consensus ($14,000,000). The Constitutional Government has decided to undertake a redefinition of the role of the State, of the country's political institutions, and of the rules governing relations between civil society and the State. The Government has requested technical cooperation to prepare a policy framework for formulating and implementing such a redefinition. Assistance will be provided to reform those institutions and procedures whose proper performance is a prerequisite for achieving a sustainable national consensus. These include, inter alia, reform of the judiciary, strengthening of the legislative branch, strengthening of the Office of the President and the Prime Minister, an adequate institutional framework for a free press, and decentralization of State functions by building up viable local institutions. Activities related to the reform of the armed forces and police will be supported by bilateral sources.

B. Reorganization of the Public Sector ($6,000,000). Technical cooperation has been requested to help consolidate and streamline the public sector operations while making maximum use of available resources. Major targets include a revised organizational structure for a leaner, more efficient public sector; strengthening the personnel administrative function, including recruitment, training and a remuneration system based on qualifications and merit; and the development of management information systems.

C. Macroeconomic management ($9,500,000). To help improve the capacity of the Government for macroeconomic and financial management, technical cooperation will be provided to strengthen the quality and timeliness of core information systems. Assistance will also be directed at reinforcing tax administration, expenditure budgeting and control, monetary management, financial monitoring and overseeing public enterprises. Specifically, technical cooperation will include actions in the Ministry of Economy and Finance; the Ministry of Planning; the Bank of the Republic of Haiti (Central Bank); the Bureau of Statistics; and the functions of the Accountant General and the Auditor General.

D. Privatization of Public Enterprises and Regulatory Framework for Monopolies ($4,000,000). The Government has requested cooperation to undertake the privatization of public enterprises on the basis of sound technical criteria and adequate returns to the State from their sale. At the same time, a regulatory framework on monopolies is to be prepared.

E. Financial Markets ($2,000,000). Cooperation is requested to help mitigate the insolvency problems confronting the banking system and its grave consequences for small savers, and to strengthen overall sector operations, placing special emphasis on increased credit availabilities for peasant farmers and for the informal sector.

F. Export Promotion ($2,000,000). Technical support is needed to rekindle private sector initiative and rebuild exporting capabilities by assisting PROMINEX, the export promotion agency. A basic objective is to recapture export markets lost as a result of the political instability and the trade embargo. It will include the working out of preferential trade agreements.

G. Agriculture ($8,000,000). Bearing in mind that 70 per cent of the Haitian population is rural, assistance is critical to increase agricultural output and income by strengthening sector institutions, programme/project administration and policy-making capacity. Areas of concentration will be the reorganization of the Ministry of Agriculture and related organizations, and programmes for public works and farming practices that encourage increased output while protecting the environment. These include actions on rural productive infrastructure, financial and input services, and human resource development. Strategies will be developed with the expectation that, by becoming self-sufficient, peasant families will gradually reduce their dependence on food aid.

H. Health ($8,000,000). With almost its entire budget devoted to meet payroll, the Ministry of Public Health has been unable to provide adequate primary and secondary health care. To redress this problem, emphasis will be placed on revising its role, rationalizing its staff, decentralizing its organization, and building up its regulatory and supervisory functions. Programmes would also help to increase health care coverage, enhance preventive treatment and achieve efficient delivery in the near term. AIDS/HIV prevention would receive special attention.

I. Education ($4,000,000). Cooperation in required to help reorganize the Ministry of Education, strengthen its operations and improve the overall coverage and quality of education. Priority will be given to setting up an appropriate organization, curricula development, in-service training, instructional materials and school supplies, achievement testing and staff training. There will also be activities to design, organize and begin programmes on literacy, informal adult education, the training of women and youth-oriented vocational training.

J. Water Supply, Sanitation, Waste and Municipal Facilities ($6,500,000). The requested cooperation would address various structural inadequacies that prevent satisfactory service delivery: in water supply, sanitation and waste, the strengthening of sector institutions and the creation of an autonomous body for major works and sector supervision; in the case of municipalities, grass-roots institutional building, including working out basic urban upkeep. An added objective will be self-financing through the collection of property taxes and other municipal charges.

K. Roads and Ports ($8,000,000). Cooperation to help restructure the Ministry of Public Works, Transport and Telecommunications with the aim of reinforcing its operational capacity (with emphasis on decentralization), to update the 1977 Master Transport Plan; to establish a road maintenance fund; and to enhance the operational capacity of domestic contractors and departmental authorities. Also, technical cooperation will be provided to improve ports and maritime transport.

L. Electricity ($5,000,000). Support will be provided to overhaul the management and operations of the government-owned power company.

M. Environment ($3,500,000). To address the alarming environmental degradation occurring throughout Haiti, emphasis will be placed on productive activities that, while supporting rural incomes, are beneficial to the environment. This includes the most urgent actions in protection, reforestation, soil conservation, shifting domestic energy practices away from wood fuel, institutional strengthening, watershed management, husbandry of marine habitats and public-awareness campaigns.

N. Central Implementation Unit (CIU) and Sectorial Units ($12,000,000). Given the constraints that the Government is facing in terms of human resources and logistics during the initial period, teams of experts will assist it in the implementation of EERP activities financed by international grants and loans. By backing-up both overall coordination and sectoral units, assistance will be provided for programme/project selection, design, execution, monitoring, accounting and auditing, in order to ensure quick and transparent delivery.

ESTIMATED TOTAL COST: $92,500,000